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Producers 88 (4-76) — Revised Paid-Up With 640 Acres Pooling Provision

CORRECTED OIL, GAS AND MINERAL LEASE (No Surface Use)

THIS AGREEMENT made this 11th day of February, 2008, between Garry J. Hardin, II and wife, Paige L. Hardin, whose address is 808 Dover Park Trl, Mansfield, TX 76063 and Dala Property Services, LLC, 2100 Ross Avenue, Suite 1870, LB-9, Dallas, TX 75201, Lessee, WITNESSETH:

1. Lessor in consideration of Ten and No/160——Dollars (\$10.00), in hand paid, of the royalities herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mixing for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines, and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Tarrant County, Texas, to-wit:

The purpose of this Corrected Oil, Gas and Mineral Lease is to amend paragraph 23 of the Oil, Gas and Mineral Lease filed at Instrument No.D208077800, Deed Records, Tarrant

8.397 acres of land, more or less, being Block 9, Lot 63, out of the Willowstone Estates Addition, an addition to the City of Mansfield, Tarrant County, Texas, being more particularly described by metes and bounds in that certain plat recorded in Cabinet A, Slide 9588 of the Plat Records of Tarrant County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

- 2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of three (3) years from this date (called "primary term") and as long thereafter
- 2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of three (3) years from this date (called "primary term") and as long thereafter as cil, gas or other mineral is produced from said land with which said land is pooled hereunder.

 3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal twenty five percent (25%) part of all oil produced and saved by lessee from said land, or from time to time, as the option of lessee, to pay lessor the average posted market price of such twenty five percent (25%) part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear twenty five percent (25%) of the cost of treating oil to render it marketable pipeline oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee twenty five percent (25%) of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products twenty five percent (25%) of the amount realized from the sale of gasoline or other products extracted therefrom and twenty five percent (25%) of the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marked or unitized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulpher mined and marketed the royalty shall be one (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capabl as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shurt-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such tender or payment shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Bank at or its successors, which shall continue as the depositories, regardless of the changes in the ownership of shut-in provided, pay or tender shut-in royalty, in the mammer above specified, either jointly to such parties or separately to each in accordance with their respective ownership thereof, as lessee may elect. Any payment bereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 3 h
- Testing the previous shall rest exculsively on the then cowers of this lesses, severally as to a sureage cowned by a testing to the control of perf, that they are also also to pool all or any part of the lessed premises or interest therein with any other lands or interests, as to any or all depths or zoose, and as to any or all substances covered by this lesse, either before or after the commendement of production, whenever Lessee deems it assessary or proper to do so in order to prudently develop or operate the lessed premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 400 serves plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well specing or density pattern that may be prescribed or permitted by any governmental authority, or, if no definition is so prescribed, "oil well" means a well of all well" and well any sevell' shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet or more per heared, besed on 24-hour production conducted under normal producing conditions uning standard lesses separator facilities or equivalent testing equipment, and the term "horizontal completion" means a well in which the borizontal component thereof. In exercising its pooling rights between the seed premises shall be treated as if it were production, whilling or reworking operations anywhere on a unit which includes all or any part of the lessed premises shall be treated as if it were production, whilling or reworking operations on the lessed premises is included in the unit, but only to the extent sush proportion of the total production on which lesses is included in or excluded from the unit by citized accordin

- on san amy without Lessor's consent.

 7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their beirs, successors, and assigns; but no change or division in ownership of the land, or royalites, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days shall have been farmished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instruments evidencing the same. In the event of assignment bereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively on the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until farmished with a recordable instrument executed by all such parties designating an agent to review payment for all.
- thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

 8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities. If after the expiration of the primary term, Lesser considers that operations are not at any time being conducted in compliance with this lease, Lesser shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.

 9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at Lessee's option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accorning hereunder roward satisfying same. Without impairment of Lessee's rights under the warranty in event of fai
- lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein.

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All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil, gas or other minerals therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, and Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

11. For the same consideration recited above, Lessor hereby grants, assigns, and conveys unto Lessee, its successors, and assigns, a perpetual subsurface easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil and gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or land pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface easements shall run with the land and survive any termination of this lease.

12. Notwithstanding anything contained herein to the contrary, Lessee does not by virtue of this lease acquire any rights whatsoever to conduct any operations on the surface of the lease premises by directional or horizontal drillin

See Exhibit "A" attached hereto and by reference made a part hereof.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR (WHETHER ONE OR MORE)

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on this 18 day of March 2011 personally appeared Carny T. Hardin TI: Rice C. known to me to be the person whose name is subscribed to the forgoing instrument, and acknowledged to me that he executed the same for the purposes and consideration their expressed, in the capacity therein stated.

[SEAL]

JACK WELDON WININGER My Commission Expites December 12, 2014

Notary Public, Start of Texas Notary's name (printed): Notary's commission expire

EXHIBIT "A"

Attached to and made a part of the Oil, Gas and Mineral Lease dated February 11th, 2008, between Dale Property Services, LLC, as Lessee, and Garry J. Hardin, II and wife Paige L. Hardin, as Lesser; WITNESSETH:

- 13. In the event of a conflict between the terms of this Exhibit "A" and the terms of the printed form to which it is attached (the "Form"), the terms of this Exhibit "A" shall control.
- 14. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of two (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same boms consideration, terms and conditions as granted for this lease.
- 15. Minerals covered. Notwithstanding any other provision hereof, this Lease covers only oil and gas. The term "oil and gas" means, oil, gas, and other liquid and gaseous hydrocarbons produced through a well bore.
- 16. Notwithstanding any provision in the Form to the contrary, Lessor's royalty or payments to Lessor for Lessor's royalty shall never bear or be charged with, either directly, or indirectly, any part of the costs or expenses of production, operation, gathering, dehydration, compression, trucking, processing, treatment, storage or marketing of the oil or gas produced from the leased premises or in the handling of oil or gas produced from the leased premises or land pooled therewith. However, Lessor's royalty shall bear its proportionate part of all reasonable and necessary costs which enhance the value of the marketable oil, gas or other products to obtain a better price that are actually incurred by Lessee in an arm's length transcribed and paid to an unrelated third party. Lessee will distribute to Lessor its royalty on production from a particular well not later than 120 days after completion of the well, in the case of oil, or after the date of first production, in the case of a gas well. Thereafter, Lessee must disburse to Lessor royalty on production by the last day of the second month after the month of production. If not paid when due, Lessor's royalty shall bear interest at the maximum lawful rate from due date until paid, which amount Lessee agrees to pay.
- 17. Notwithstanding any provision in the form to the contrary, following the expiration of the primary term, or the cessation of drilling activities, whichever occurs last, this lease shall terminate as to all depths below 100 feet below the base of the Barnett Shale Formation.
 - 18. Notwithstanding any provision in the Form to the contrary, all of Paragraph 11 in the above referenced lease shall be removed in its entirety and not made a part of said lease.
- 19. While there is a well on the leased premises or land pooled therewith capable of producing gas in paying quantities but the production thereof is shut-in, shut-down or suspended for lack of a market, available pipeline, or because of government restrictions, or, if it is economically inadvisable for both the Lessor and Lessee to sell gas for a time as evidenced by a written agreement signed by both parties, then, and in any such event, Lessee may pay as shut-in royalty on or before ninety (90) days after the date on which (1) production from any such well is shut-in, shut-down or suspended; (2) this lease is no longer maintained by compliance with one of the other preservation provisions hereof, whichever is a later date, and thereafter at annual intervals the sum of One Dollar (\$1.00) per net mineral acre per proration unit per well. If such payment is made in accordance with the terms hereof, this lease shall not terminate, but shall continue in force for a period of one (1) year from the date of making such shut-in payment (subject to the exceptions set out hereafter) and it will be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this lease. Provided, however, in no event shall shut-in well payments maintain this Lease in force for a cumulative period of three (3) years past the primary term of this lease.
- 20. No Warranties. Lessor makes no warranty of any kind with respect to title to the Land. By acceptance of this Lease, Lessee acknowledges that is has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land, and Lessee assumes all risk of title failures. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties payable hereunder shall be reduced proportionately. Lessee, at its option, may discharge any tax, mortgage, or other lien on the Land, and in the event Lessee does so, Lessee will have the option to apply royalties accruing to Lessor toward payment of it.
- 21. Indemnity. Lessee agrees to indemnify and hold harmless Lessor, and Lessor's representatives, successors, and assigns against all expenses, claims, demands, liabilities, and causes of action of any nature for injury to or death of persons and loss or damage to property, including, without limitation, reasonable attorney fees, expert fees, and court costs, caused by Lessee's operations on the land or Lessee's marketing of production from the land or any environmental requirements by Lessee. As used in this paragraph, the term "Lessee" includes Lessee, its agents, employees, servants, contractors, and any other person acting under its discretion and control, and its independent contractors.
 - 22. If Lessee elects to pool any portion of the leased premises; Lessee must pool all of the leased premises.
 - 23. Notwithstanding anything to the contrary, units pooled for gas shall not exceed 320 acres plus a maximum acreage tolerance of 10% of 320 acres.

Signed for Identification:

Jany J Hardin IV Paige L. Hardin